

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: Pacific Pawnbrokers, Inc.

Case No. 09-53610

**CHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: Aug-10PETITION DATE: 10/14/09

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).

Dollars reported in \$1


	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of Petition Filing</u>
2. Asset and Liability Structure			
a. Current Assets	\$95,252	\$138,959	
b. Total Assets	\$1,044,807	\$1,088,514	
c. Current Liabilities	\$279,916	\$279,916	
d. Total Liabilities	\$3,045,764	\$3,045,764	
3. Statement of Cash Receipts & Disbursements for Month	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
a. Total Receipts	\$22,940	\$18,473	\$366,955
b. Total Disbursements	\$22,142	\$26,558	\$393,444
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$798	(\$8,085)	(\$26,489)
d. Cash Balance Beginning of Month	\$3,890	\$11,975	\$31,176
e. Cash Balance End of Month (c + d)	\$4,688	\$3,890	\$4,687
4. Profit/(Loss) from the Statement of Operations	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
	(\$1,601)	(\$12,499)	(\$71,025)
5. Account Receivables (Pre and Post Petition)	\$0	\$0	
6. Post-Petition Liabilities	\$279,916	\$279,916	
7. Past Due Post-Petition Account Payables (over 30 days)	\$279,916	\$279,916	

At the end of this reporting month:

- | | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | | x |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) | | x |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court? | | |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) | | |
| 12. Is the estate insured for replacement cost of assets and for general liability? | | x |
| 13. Are a plan and disclosure statement on file? | | |
| 14. Was there any post-petition borrowing during this reporting period? | | x |
15. Check if paid: Post-petition taxes ____; U.S. Trustee Quarterly Fees ____; Check if filing is current for: Post-petition tax reporting and tax returns: ____.
- (Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 9/21/10


Responsible Individual

STATEMENT OF OPERATIONS

(General Business Case)

For the Month Ended 08/31/10

Current Month				Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance			
\$22,924		\$22,924	Revenues:		
\$0		\$0	1 Gross Sales	\$356,461	
\$22,924		\$22,924	2 less: Sales Returns & Allowances	\$3,960	
\$4,795		(\$4,795)	3 Net Sales	\$352,501	\$0
\$18,129		\$18,129	4 less: Cost of Goods Sold (Schedule 'B')	\$114,515	
\$16		\$16	5 Gross Profit	\$237,986	\$0
		\$0	6 Interest	\$16	
		\$0	7 Other Income:		
		\$0	8		
		\$0	9		
\$18,145		\$18,145	10 Total Revenues	\$238,001	\$0
		\$0	Expenses:		
\$6,361		(\$6,361)	11 Compensation to Owner(s)/Officer(s)	\$0	
		\$0	12 Salaries	\$81,593	
\$3,360		(\$3,360)	13 Commissions	\$0	
		\$0	14 Contract Labor	\$40,110	
		\$0	Rent/Lease:		
\$90		(\$90)	15 Personal Property	\$0	
		\$0	16 Real Property	\$38,893	
		\$0	17 Insurance	\$2,118	
		\$0	18 Management Fees	\$100	
		\$0	19 Depreciation	\$0	
		\$0	Taxes:		
\$1,383		(\$1,383)	20 Employer Payroll Taxes	\$31,378	
		\$0	21 Real Property Taxes	\$2,601	
\$192		(\$192)	22 Other Taxes	\$5,689	
		\$0	23 Other Selling	\$0	
\$2,720		(\$2,720)	24 Other Administrative	\$15,060	
		\$0	25 Interest	\$0	
		\$0	26 Other Expenses: Postage and delivery	\$3,222	
		\$0	27 Building Repairs	\$1,117	
		\$0	28 Computer repairs	\$221	
\$89		(\$89)	29 Bank Service Charges	\$1,159	
\$0		\$0	30 E-Bay Fees	\$21,881	
\$221		(\$221)	31 Payroll Processing	\$2,131	
\$1,980		(\$1,980)	32 Utilities	\$16,772	
\$2,375		(\$2,375)	33 Postage	\$7,693	
		\$0	34 Health Insurance	\$19,577	
\$18,771	\$0	(\$18,771)	35 Total Expenses	\$291,313	\$0
(\$626)	\$0	(\$626)	36 Subtotal	(\$53,312)	\$0
		\$975	Reorganization Items:		
(\$975)		\$0	37 Professional Fees	(\$17,713)	
		\$0	38 Provisions for Rejected Executory Contracts		
		\$0	39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case		
		\$0	40 Gain or (Loss) from Sale of Equipment		
		\$0	41 U.S. Trustee Quarterly Fees		
		\$0	42		
(\$975)	\$0	(\$975)	43 Total Reorganization Items	(\$17,713)	\$0
(\$1,601)	\$0	(\$1,601)	44 Net Profit (Loss) Before Federal & State Taxes	(\$71,025)	\$0
		\$0	45 Federal & State Income Taxes		
(\$1,601)	\$0	(\$1,601)	46 Net Profit (Loss)	(\$71,025)	\$0

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)

For the Month Ended 08/31/10

AssetsFrom SchedulesMarket Value**Current Assets**

1	Cash and cash equivalents - unrestricted		\$4,688
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	\$0
4	Inventory	B	\$39,763
5	Prepaid expenses		
6	Professional retainers		
7	Other: _____		
8	Pawns Receivable		\$50,801
9	Total Current Assets		\$95,252

Property and Equipment (Market Value)

10	Real property	C	\$0
11	Machinery and equipment	D	\$1,000
12	Furniture and fixtures	D	\$600
13	Office equipment	D	\$4,000
14	Leasehold improvements	D	\$0
15	Vehicles	D	\$4,000
16	Other: _____	D	
17	_____	D	
18	_____	D	
19	_____	D	
20	_____	D	
21	Total Property and Equipment		\$9,600

Other Assets

22	Loans to shareholders		\$811,274
23	Loans to affiliates		
24	N/R Fred Wilson		\$77,136
25	L//R Don Brown		\$51,545
26	_____		
27	_____		
28	Total Other Assets		\$939,955
29	Total Assets		\$1,044,807

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages		
31	Payroll taxes		
32	Real and personal property taxes		
33	Income taxes		
34	Sales taxes		
35	Notes payable (short term)		
36	Accounts payable (trade)	A	\$279,916
37	Real property lease arrearage		
38	Personal property lease arrearage		
39	Accrued professional fees		
40	Current portion of long-term post-petition debt (due within 12 months)		
41	Other: _____		
42	_____		
43	_____		
44	Total Current Liabilities		\$279,916

Long-Term Post-Petition Debt, Net of Current Portion

46	Total Post-Petition Liabilities		\$279,916
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Pre-Petition Liabilities (allowed amount)

47	Secured claims	F	\$0
48	Priority unsecured claims	F	\$0
49	General unsecured claims	F	\$2,765,848
50	Total Pre-Petition Liabilities		\$2,765,848
51	Total Liabilities		\$3,045,764

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing		(\$2,743,625)
53	Capital Stock		\$1,263,144
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		(\$71,025)
56	Post-petition contributions/(distributions) or (draws)		
57	Treasury Stock		(\$28,480)
58	Market value adjustment		(\$420,971)
59	Total Equity (Deficit)		(\$2,000,957)
60	Total Liabilities and Equity (Deficit)		\$1,044,807

SCHEDULES TO THE BALANCE SHEET
(General Business Case)

Schedule A

Accounts Receivable and (Net) Payable

Receivables and Payables Agings	Accounts Receivable [Pre and Post Petition]	Accounts Payable [Post Petition]	Past Due Post Petition Debt
0 -30 Days			
31-60 Days			
61-90 Days			
91+ Days			\$279,916
Total accounts receivable/payable	\$0	\$279,916	
Allowance for doubtful accounts			
Accounts receivable (net)	\$0		

Schedule B

Inventory/Cost of Goods Sold

Types and Amount of Inventory(ies)	Inventory(ies) Balance at End of Month	Cost of Goods Sold	
		Inventory Beginning of Month	39292
		Add -	
Retail/Restaurants -		Net purchase	\$5,266
Product for resale	\$37,860	Direct labor	
		Manufacturing overhead	
Distribution -		Freight in	
Products for resale		Other:	
Manufacturer -			
Raw Materials			
Work-in-progress			
Finished goods			
Other - Explain	\$1,903	Less -	
Held Inventory		Inventory End of Month	\$39,763
		Shrinkage	
		Personal Use	
TOTAL	\$39,763	Cost of Goods Sold	\$4,795

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes _____ No _____

How often do you take a complete physical inventory?

Weekly _____
 Monthly _____
 Quarterly _____
 Semi-annually _____
 Annually ☒

Date of last physical inventory was 10/13/2009 0:00

Date of next physical inventory is _____

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost _____
 LIFO cost _____
 Lower of cost or market ☒
 Retail method _____
 Other _____
 Explain _____

**Schedule C
Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

**Schedule D
Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Computers and Hardware	\$22,858	\$500
Security System	\$22,590	\$500
Accumulated Depr	(\$45,455)	
Total	(\$7)	\$1,000
Furniture & Fixtures -		
Displays and Counter	\$8,980	\$600
Accumulated Depr	(\$8,980)	
Total	\$0	\$600
Office Equipment -		
Vault, Scales Cleaners etc	\$17,073	\$4,000
Accumulated Depr	(\$17,073)	
Total	\$0	\$4,000
Leasehold Improvements -		
Leasehold Imp - Wells Store	\$111,987	\$0
Accumulated depr	(\$32,698)	
Total	\$79,289	\$0
Vehicles -		
98 Chev Truck	\$0	\$4,000
Total	\$0	\$4,000

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F
Pre-Petition Liabilities

<u>List Total Claims For Each Classification -</u>	<u>Claimed Amount</u>	<u>Allowed Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims	\$2,765,848	\$2,765,848

(a) List total amount of claims even if under secured.

(b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>	<u>Account 5</u>
Bank	1st Ind Bank	1st Ind Bank	1st Ind Bank	Pay Pal	Vault
Account Type	Checking	Money Mkt	Personal	Online	
Account No.	#1101	#2973	#0168		
Account Purpose	Expenses		none	Ebay Sales	
Balance, End of Month	\$963	\$0	\$82	\$1,765	\$1,878
Total Funds on Hand for all Accounts	\$4,688				

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended** 08/31/10

		Actual Current Month	Cumulative (Case to Date)
Cash Receipts			
1	Rent/Leases Collected		
2	Cash Received from Sales	\$22,924	\$366,938
3	Interest Received	\$16	\$17
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7			
8			
9			
10			
11			
12	Total Cash Receipts	\$22,940	\$366,955
Cash Disbursements			
13	Payments for Inventory	\$5,266	\$80,655
14	Selling		\$0
15	Administrative	\$4,515	\$92,602
16	Capital Expenditures		\$0
17	Principal Payments on Debt		\$0
18	Interest Paid		\$0
	Rent/Lease:		\$0
19	Personal Property		\$0
20	Real Property	\$90	\$43,642
	Amount Paid to Owner(s)/Officer(s)		\$0
21	Salaries		\$0
22	Draws		\$0
23	Commissions/Royalties		\$0
24	Expense Reimbursements		\$0
25	Other		\$0
26	Salaries/Commissions (less employee withholding)	\$6,361	\$81,652
27	Management Fees		\$100
	Taxes:		\$0
28	Employee Withholding		\$0
29	Employer Payroll Taxes	\$1,383	\$34,653
30	Real Property Taxes		\$0
31	Other Taxes	\$192	\$7,687
32	Other Cash Outflows:		\$0
33	Contract Labor	\$3,360	\$36,190
34	Professional Fees	\$975	\$16,263
35			\$0
36			
37			
38	Total Cash Disbursements:	\$22,142	\$393,444
39	Net Increase (Decrease) in Cash	\$798	(\$26,489)
40	Cash Balance, Beginning of Period	\$3,890	\$31,176
41	Cash Balance, End of Period	\$4,688	\$4,687

STATEMENT OF CASH FLOWS
(Optional) Increase/(Decrease) in Cash and Cash Equivalents
For the Month Ended 08/31/10

	Actual Current Month	Cumulative (Case to Date)
Cash Flows From Operating Activities		
1 Cash Received from Sales	\$22,924	\$366,938
2 Rent/Leases Collected		
3 Interest Received	\$16	\$16
4 Cash Paid to Suppliers	\$5,266	\$80,655
5 Cash Paid for Selling Expenses	\$6,361	\$140,553
6 Cash Paid for Administrative Expenses	\$7,875	\$98,322
Cash Paid for Rents/Leases:		
7 Personal Property		
8 Real Property	\$90	\$43,642
9 Cash Paid for Interest		
10 Cash Paid for Net Payroll and Benefits		
Cash Paid to Owner(s)/Officer(s)		
11 Salaries		
12 Draws		
13 Commissions/Royalties		
14 Expense Reimbursements		
15 Other		
Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16 Employer Payroll Tax	\$1,383	\$8,783
17 Employee Withholdings		
18 Real Property Taxes		
19 Other Taxes	\$192	\$5,825
20 Cash Paid for General Expenses		
21 Professional Fees Paid for Services in Connection with Chp 11 Case	\$975	\$15,663
22		
23		
24		
25		
26		
27 Net Cash Provided (Used) by Operating Activities before Reorganization Items	\$798	(\$26,489)
Cash Flows From Reorganization Items		
28 Interest Received on Cash Accumulated Due to Chp 11 Case		
29 Professional Fees Paid for Services in Connection with Chp 11 Case		
30 U.S. Trustee Quarterly Fees		
31		
32 Net Cash Provided (Used) by Reorganization Items	\$0	\$0
33 Net Cash Provided (Used) for Operating Activities and Reorganization Items	\$798	(\$26,489)
Cash Flows From Investing Activities		
34 Capital Expenditures		
35 Proceeds from Sales of Capital Goods due to Chp 11 Case		
36		
37 Net Cash Provided (Used) by Investing Activities	\$0	\$0
Cash Flows From Financing Activities		
38 Net Borrowings (Except Insiders)		
39 Net Borrowings from Shareholders, Partners, or Other Insiders		
40 Capital Contributions		
41 Principal Payments		
42		
43 Net Cash Provided (Used) by Financing Activities	\$0	\$0
44 Net Increase (Decrease) in Cash and Cash Equivalents	\$798	(\$26,489)
45 Cash and Cash Equivalents at Beginning of Month	\$3,890	\$31,177
46 Cash and Cash Equivalents at End of Month	\$4,688	\$4,688